

# Risk Management Policy (v8.0)

## VERSION HISTORY

Rev No.	Date	Revision Description	Approval
0	19 November 1998	Risk Management Policy Prepared by: Manager Internal Audit	Board
1.0	March 2007	Risk Management Policy updated to reflect the AS/NZS 4360:2004 standard and alignment with Aurora Energy's vision, purpose & strategic objectives.	Board
2.0	July 2011	Policy updated to reflect the 'AS/NZS ISO31000 2009 Risk Management – Principles and Guidelines' standard and alignment with the current approach to risk management in Aurora Energy.	Board
3.0	August 2012	Policy updated to reflect name changes and alignment with current Aurora Energy Group Policy standards.	Board
4.0	October 2013	Policy reviewed.	Board
5.0	September 2014	Update to reflect the commencement of Aurora Energy as a stand-alone competitive retailer.	Board
6.0	June 2015	Frequency of formal reporting by the CEO and ALT reduced from quarterly to six monthly.	Board
7.0	September 2017	Include reference to the Risk Appetite Statements. Updates to reflect changes in organisation structure. Removal of definition of NEM. Alignment with the updated Policy template.	Board, September 2017
8.0	August 2020	Updated to reflect 'AS/ISO 31000:2018 Risk Management – Principles and Guidelines' and changes in the organisation structure.	Board, 1 October 2020

## AUTHORISATIONS

<b>Prepared By:</b>	Lead Risk Advisor	August 2020
<b>Reviewed By:</b>	Legal, Risk & Compliance Manager	August 2020
<b>Reviewed By:</b>	Company Secretary	August 2020
<b>Approved By:</b>	Board	1 October 2020
<b>Next review due:</b>	Three yearly	September 2023

## CONTACT FOR ENQUIRIES (POLICY OWNER)

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# 1. Introduction

Aurora Energy’s rationale for managing risks is to assist in increasing the likelihood of achieving its stated vision, purpose and strategic objectives. It does this by integrating effective risk management with strategic and operational planning and decision making at all levels in the organisation and across all business activities.

Aurora Energy’s fundamental underlying risk principles are consistent with AS ISO 31000:2018 Risk Management – Principles and Guidelines.

# 2. Purpose

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

This policy outlines Aurora Energy’s commitment to proactive risk management and explains what is required to enable Aurora Energy to deliver its Corporate Plan and other objectives. This policy is supported by both a complementary Integrated Risk Management Model which outlines how risk management is to be applied across Aurora Energy to ensure consistency and efficiency and Risk Appetite Statements which assist the business with decision making.

# 3. Scope

As risk is inherent in all of Aurora Energy’s activities, this policy applies to all stages of its business operations and activities and both staff and contractors.

The policy applies to the management of both potential gains and potential losses.

# 4. Definitions

<b>ALT</b>	Aurora Energy Leadership Team
<b>Aurora Energy</b>	Includes the legal entity, employees and contractors associated with Aurora Energy.
<b>Risk</b>	Risk is defined as ‘the effect of uncertainty on objectives’.
<b>Risk Management</b>	Coordinated activities to direct and control Aurora Energy’s activities with regard to risk.
<b>Management</b>	Includes the Aurora Energy Leadership Team, Senior Leadership Team, and Team Leaders.
<b>Integrated Risk Management Model</b>	<p>The Model assists with the practical application of risk management in Aurora Energy. It includes the policy for managing risk, the process, the roles and responsibilities, the plan, and tools to assist with risk management. It is aligned with the principles, framework and process in the AS/ISO 31000:2018 standard.</p> <p>The Model provides Aurora Energy with a structured and systematic approach to managing risks that are an integral part of staff responsibility at Aurora Energy.</p>

## 5. Policy

Aurora Energy is committed to the effective management of its strategic and operational risks to achieve the organisation's vision, purpose and objectives as stated in its Corporate Plan.

Aurora Energy adopts the AS/ISO 31000:2018 Risk Management principles as follows:

### a) **Integrated**

Risk management is an integral part of all Aurora Energy organisational activities.

### b) **Structured and comprehensive**

Aurora Energy recognises that a structured and comprehensive approach to risk management contributes to consistent and comparable results.

### c) **Customised**

The risk management framework and process are customised and proportionate to Aurora Energy's external and internal context related to its strategic objectives.

### d) **Inclusive**

Aurora Energy ensures appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.

### e) **Dynamic**

Aurora Energy recognises that risks can emerge, change or disappear as the organisations external and internal context changes. Aurora Energy's risk management activities anticipate, detect, acknowledge and respond to those changes and events in an appropriate and timely manner.

### f) **Best available information**

The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management in Aurora Energy takes into account any limitations and uncertainties associated with such information and expectations. Information will be timely, clear and available to relevant stakeholders.

To implement these principles, Aurora Energy will:

- proactively monitor, measure, respond to and manage risks in a manner that is commensurate with expectations of its shareholders, customers and legal obligations;
- prepare and deliver a risk management plan, including strategies for managing key business risks;
- integrate effective risk management across the organisation, through applying Aurora Energy's Risk Management Policy and Integrated Risk Management Model into all business and management activities and appropriate policies;
- make the necessary resources available to assist those accountable and responsible for managing risk;
- mitigate risk exposures to a level that is in accordance with Aurora Energy's risk appetite;
- undertake regular reporting of the corporate risk profile to the Board Audit, Risk and Compliance Committee with the Board reviewing the associated risk management strategies; and
- undertake reporting of key strategic risks and strategies for managing these risks to key stakeholders.

## 6. Key Stakeholder Responsibilities

The management of risk in Aurora Energy is the responsibility of all Directors, employees, agents and contractors and any person or organisation that acts for or represents it. Key responsibilities are outlined below.

### 6.1 Board

Overall responsibility for having an effective risk management framework in place for Aurora Energy resides with the Board. This involves the following:

- Approving Aurora Energy's Risk Management Policy.
- Approving Aurora Energy's Integrated Risk Management Model.
- Monitoring and reviewing actions taken in relation to the management of risks facing the company via the Board Audit, Risk & Compliance Committee and through direct reporting.
- Determining Aurora Energy's risk appetite.
- Reviewing the Aurora Energy risk profile and the identified risks which have the potential to adversely impact on the business and determining Aurora Energy's strategic risk targets.
- Reviewing Aurora Energy's strategies to minimise or manage strategic risks.
- Considering the potential impacts of Aurora Energy's risk on Government as its shareholder.
- Informing the Shareholder Ministers of the key strategic, financial and operating risks; board approved management strategies; and highlighting any residual risks that cannot be fully mitigated.

### 6.2 Board Audit, Risk & Compliance Committee (BARCC)

One of the objectives of the BARCC is to assist the Board to discharge its responsibilities relating to risk management. BARCC's responsibilities under its charter include an active participation in the review of risk management. This involves the following:

- Recommending to the Board Aurora Energy's Risk Management Policy.
- Recommending to the Board Aurora Energy's Integrated Risk Management Model.
- Assessing the effectiveness of the internal processes for identifying, analysing, evaluating, treating, communicating, monitoring, recording and reporting material risks throughout the business (this needs to take into account the procedures outlined in AS ISO 31000:2018 Risk Management – Principles and guidelines).
- Ensuring that Aurora Energy has adequate risk management systems in place, which align with the intent of the Risk Management Standard.
- Addressing the adequacy of Aurora Energy's control systems with management and the internal and external auditors.
- Monitoring and reviewing the process Aurora Energy has in place for assessing and continuously improving internal controls.
- Reviewing Aurora Energy's corporate risk profile.
- Reporting at least annually to the Board on the status of risks and risk management practices.

### **6.3 Chief Executive Officer (CEO) and Aurora Energy Leadership Team (ALT)**

The CEO and ALT are accountable for risk management in Aurora Energy and are empowered by the Board to execute the risk management process. This involves:

- Endorsing Aurora Energy's Integrated Risk Management Model.
- Endorsing Aurora Energy's Risk Management Policy for Board approval.
- Providing clear guidance to the Board and staff on what are acceptable and unacceptable levels of risk exposure.
- Ensuring Aurora Energy operates in accordance with the risk appetite approved by the Board.
- Monitoring and reviewing Aurora Energy's key strategic and operational risks.
- Ensuring Aurora Energy achieves its strategic risk targets by the agreed date.
- Reporting at least six monthly to BARCC on the status of risks and risk management practices.

### **6.4 Company Secretary/General Counsel (CoSec/GC) / Legal, Risk & Compliance Team**

The CoSec/GC is accountable and the Legal, Risk & Compliance Team is responsible for Aurora Energy's risk management process and internal audits of controls which are in place for managing Aurora Energy's key strategic and operational risks. This includes:

- The preparation and implementation of the Risk Management Plan approved by the CoSec/GC.
- Maintaining the Risk Management Policy and the Integrated Risk Management Model to ensure alignment with current Australian/ International Standards and alignment with Aurora Energy's purpose, vision, values and behaviours and objectives.
- Communicating to staff and ensuring their understanding of the Aurora Energy Risk Management Policy, the Integrated Risk Management Model and the approved Risk Appetite Statements.
- Consulting and advising on the process for managing risks in Aurora Energy.
- Coordinating recording of Aurora Energy's key strategic and operational risks.
- Conducting formal reviews in accordance with the Integrated Risk Management Model.
- Providing a risk summary to be included in the Corporate Plan.
- Regular reporting of the corporate risk profile to Board via BARCC with the Board reviewing the associated risk management strategies.
- Including testing current internal risk controls in the Internal Audit program of activity.

### **6.5 Management**

Management is responsible for ensuring compliance with this policy and the Integrated Risk Management Model. Managers also have a responsibility to identify and implement controls (systems and processes) and can be nominated as risk owners and risk managers.

### **6.6 Risk Owners and Risk Managers**

Risk owners are accountable for day to day management of risks. Risk Managers are responsible for day to day management of risks.

Further detail about responsibilities can be found in the Integrated Risk Management Model.

## **6.7 All Aurora Energy Staff**

All employees and contractors (staff) are responsible for complying with this Policy and the risk management obligations of the organisation as relevant to their position and duties, in particular, identifying risks and adhering to controls (systems and processes) implemented to mitigate risks across the business.

Staff are also required to participate in training in accordance with the risk management framework.

## **7. Non-Compliance with this Policy**

All non-compliances with this Policy will be recorded in accordance with the Compliance Policy.

Any non-compliances that are risk-rated as Severe or Major will be escalated to the Board or a relevant Board Committee through Aurora Energy's non-compliance reporting processes.

Non-compliances that are risk-rated as Moderate or Minor will be reported to the Chief Executive Officer.

Incidents of wilful non-compliance with this Policy are considered to be serious and will be dealt with in accordance with Aurora Energy's normal performance management process, which may include dismissal.

## **8. Related Policies**

This policy should be read in conjunction with the Aurora Energy Integrated Risk Management Model.

## **9. Precedence**

In the event of a conflict between policies, the following precedence will apply in this order to the extent of any inconsistency:

- Board approved Policy.
- CEO approved Policy.
- Business approved Procedure.
- Business approved Work Practice.

## **10. Policy Approval and Review**

The Board is responsible for approving this Policy at least every three years or earlier if a significant change occurs that may impact the Policy.

## **11. Whistleblowing Statement**

In extreme circumstances an individual may be concerned that a serious breach of this policy has occurred but considers that it would be personally damaging to pursue it through normal channels. In such circumstances the individual should refer to Aurora Energy's Public Interest Disclosure Policy for information about how to report such a concern and to whom.

Aurora Energy's Public Interest Disclosure Policy ('whistleblower' policy) is based on the Public Interest Disclosures Act 2002. This Policy is available on both Aurora Energy's external website and its internal intranet.

Delegated Officers under the Public Interest Disclosure Policy will do all that is possible and practicable to ensure the identity of the individual and the identity of the person who is the subject of the disclosure are kept confidential.

## **12. Publication**

This Policy will be published on the Aurora Energy website and its intranet in accordance with the Policy Framework approved by the Board.

**Approved by the Board on 1 October 2020.**

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

**Board Chair**